

Message Text

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17
ACTION PM-04

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 NSC-05 SP-02 SS-15

L-03 CIAE-00 INR-07 NSAE-00 AID-05 IGA-02 MC-02

ACDA-07 OMB-01 TRSE-00 SAJ-01 SAM-01 EB-07 /092 W
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R 220845Z NOV 76
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 6763
INFO AMEMBASSY MOSCOW
AMEMBASSY NEW DELHI
USLO PEKING

C O N F I D E N T I A L KATHMANDU 4827

E.O. 11652 GDS
TAGS: PFOR MASS MARR IN NP
SUBJ: NEPAL CONTINUES SEARCH FOR MILITARY ASSISTANCE

1. SUMMARY. NEPAL HAS TRADITIONALLY LOOKED TO INDIA AS ITS MAIN SOURCE OF MILITARY EQUIPMENT. IN RECENT YEARS, HOWEVER, THE GON HAS SOUGHT TO DIVERSIFY ITS SOURCES AND HAS OBTAINED SMALL LEVELS OF SUPPORT FROM FRANCE, UNITED KINGDOM, US, WEST GERMANY, ISRAEL AND THE PEOPLES REPUBLIC OF CHINA. WE DOUBT, HOWEVER, THAT GON WILL DO ANYTHING-- SUCH AS OBTAINING LARGE SUPPLIES FROM CHINA -- WHICH WOULD JEOPARDIZE ITS TRADITIONAL RELATIONSHIP WITH INDIA. END SUMMARY.

2. INDIA REMAINS THE OVERWHELMING SOURCE OF NEPAL'S MILITARY ASSISTANCE, BOTH IN MATERIAL AND TRAINING. WHILE MUCH OF THIS EQUIPMENT WAS FIRST PROVIDED ON A GRANT BASIS, INDIA HAS IN RECENT YEARS SOLD EQUIPMENT TO NEPAL, ALBEIT AT PRICES BELOW PREVAILING WORLD PRICES. NEPALESE OFFICIALS HAVE COMPLAINED THAT INDIA HAS EITHER REFUSED REQUESTS OUTRIGHT (PROBABLY ANTI-AIRCRAFT GUNS), OR HAS DRAGGED ITS FEET ON RESUPPLY. CHIEF OF STAFF GENERAL GUNA HAS TOLD DEFATT THAT OBTAINING EQUIPMENT FROM INDIA IS BOTH TIME
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CONSUMING AND AT TIMES INRELIABLE. THERE HAVE ALSO BEEN

UNSUBSTANTIATED REPORTS THAT INDIA SENDS SECOND CLASS EQUIPMENT TO NEPAL. WE DO KNOW, FOR EXAMPLE, THAT ROYAL NEPAL ARMY (RNA) EXPERIENCED SOME DIFFICULTY WITH THE FIRST DELIVERIES OF THE 7.62 MM RIFLE MANUFACTURED UNDER LICENSE IN INDIA. THOSE PROBLEMS APPEAR TO HAVE BEEN STRAIGHTENED OUT AND THE RIFLE IS NOW STANDARD EQUIPMENT FOR THE RNA. WE HAVE NO EVIDENCE THAT DIFFICULTIES WITH INDIA HAVE INCREASED IN RECENT MONTHS OR THAT INDIA IS USING PRESSURE ON NEPAL. THERE IS NO DOUBT, HOWEVER, THAT INDIA REMAINS SENSITIVE TO NEPAL'S CONSTANT EFFORTS TO ASSERT ITS INDEPENDENCE AND WOULD LOOK WITH CONSIDERABLE DISFAVOR OR ANY HMG MOVE TO OBTAIN SIGNIFICANT EQUIPMENT FROM CHINA.

3. IN JUNE 1976 FORMER COMMANDER IN CHIEF OF THE ARMY FIELD MARSHAL NIR RANA VISITED CHINA, A TRIP WHICH SPARKED RUMORS THAT THE PRC WAS ABOUT TO OFFER SUBSTANTIAL LEVELS OF MILITARY ASSISTANCE. IN 1974 THE PRC PROVIDED OVER 400 RADIOS TO THE RNA, BUT SINCE THAT DATE HAS NOT TRANSFERRED ANY EQUIPMENT TO OUR KNOWLEDGE. FROM A VARIETY OF SOURCES WE HAVE LEARNED THAT NIR WAS TOLD THAT THE PRC COULD PROVIDE NON-LETHAL EQUIPMENT, SUCH AS MEDICAL SUPPLIES, BUT THERE IS NO INDICATION THAT EITHER NEPAL OR THE PRC SERIOUSLY CONSIDERED

ADDITIONAL EQUIPMENT. WE WOULD DOUBT THAT HMG WOULD JEOPARDIZE ITS RELATIONSHIP WITH INDIA BY OBTAINING CHINESE WEAPONS.

4. WE NOTE THAT THE KING'S CHIEF MILITARY ADVISOR ACCOMPANIED HIM ON HIS JUST-CONCLUDED TRIP TO MOSCOW. WE HAVE BEEN TOLD BY THE SOVIET MILITARY ATTACHE THAT THE QUESTION OF MILITARY SUPPLY WILL NOT BE DISCUSSED WITH THE KING, HOWEVER, AND HE CATEGORICALLY DENIED THAT THE USSR WOULD PROVIDE GRANT MILITARY ASSISTANCE. WHEN PRESSED, HE SAID THAT THE SOVIET UNION COULD CONSIDER SALES OF NON-LETHAL EQUIPMENT BUT DOUBTED THAT NEPAL COULD OR WOULD MEET CASH TERMS REQUIRED. WE WOULD ALSO EXPECT THAT INDIA WOULD VETO ANY EQUIPMENT WHICH IT DEEMED NECESSARY FOR RNA, AND THAT THE SOVIETS WOULD BE RESPONSIVE TO INDIAN SENSITIVITIES IN THIS AREA.

5. RNA HAS NOT HESITATED TO APPROACH "FRIENDLY STATES" TO
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FILL THE GAPS NOT MET BY INDIA OR TO DEMONSTRATE THAT IT IS NOT TOTALLY DEPENDENT ON INDIA. FRANCE, FOR EXAMPLE, CONTINUES TO SUPPLY TRAINING AND SPARE PARTS FOR FRENCH BUILT HELICOPTERS IN THE RNA FLEET. NEPALESE HAVE RECENTLY ASKED FRENCH WHETHER TRAINING COULD BE EXTENDED TO FIXED WING AIRCRAFT AS WELL. A WEST GERMAN FIRM, UNDER COMMERCIAL AGREEMENT, PRODUCES 7.62 MMA AMMUNITION AND PROVIDES TECHNICAL ASSISTANCE IN ARSENAL IN KATHMANDU. THE UNITED KINGDOM ALSO

PROVIDES SMALL TRAINING PROGRAM FOR RNA, AS DOES U.S.

6. GIVEN THIS BACKGTOUND IT IS NOT SURPRISING THAT HMG CONTINUES TO EXPORE POSSIBILITIES OF OBTAINING SMALL AMOUNTS OF EQUIPMENT AT LOWEST POSSIBLE COST--PREFERABLY GRANT--FROM NON-INDIAN SOURCES. NEPAL'S MILITARY BUDGET WAS INCREASED THIS YEAR TO 160 MILLION RUPEES OVER THE PREVIOUS YEAR'S LEVEL OF 146 MILLION RUPEES. WE DO NOT KNOW HOW MUCH OF THIS IS ALLOCATED IN CONVERTIBLE CURRENCY, BUT IT IS OUR IMPRESSION THAT EVEN THE LARGER FIGURE IS BARELY SUFFICIENT TO MAINTAIN THE ARMY AT REASONABLE LEVELS. ALTHOUGH NEPAL'S FOREIGN CURRENCY RESERVES ARE SUFFICIENT TO ALLOW SOME SMALL PURCHASES OF MILITARY EQUIPMENT FROM COUNTRIES OTHER THAN INDIA, WE DO NOT BELEIVE THAT FUNDS HAVE BEEN EARMARKED FOR THIS PURPOSE. HMG HAS ASKED US TO CONSIDER REPLACEMENT OF ITEMS SUPPLIED IN 1967, INCLUDING TRANSPORT, MEDICAL AND COMMUNICATIONS GEAR. THEY HAVE ALSO RAISED INFORMALY THE POSSIBILITY OF OBTAINING ANTI-AIRCRAFT AND RADIO MONITORING EQUIPMENT FROM US AND OTHER WESTERN SOURCES. IN THE FIRST INSTANCE WE BELEIVE THAT REPLACEMENT OF US EQUIPMENT WOULD BE ACCEPTABLE TO GOI AND MAY HAVE BEEN CLEARED WITH THEM IN ADVANCE. LACK OF FORMAL REQUEST FOR AA AND RADIO GEAR MAY INDICATE THAT HMG RECOGNIZES POLITICAL SENSITIVITIES INVOLVED IN OBTAINING SOPHISTICATED WEAPONS AND RELUCTANCE TO MOVE WITHOUT PRIOR INDIAN AGREEMENT THIS WOULD, IN OUR VIEW, CERTAINLY BE CASE WITH CHINA OR, TO LESSER EXTENT, USSR. NEPALESE, WHILE ANXIOUS TO DIVERSIFY SOURCES OF SUPPLY, IN FINAL ANALYSIS MUST ACCEPT GEOPOLITICAL REALITIES WHICH MAKE THEM DEPENDENT ON INDIA, NOT ONLY IN MILITARY SPHERE, BUT POLITICAL AND ECONOMIC AS WELL.
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